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ABSTRACT

This report discusses the current types of financial aid and the principles and practices that guide college financial aid programs. Although specific functions vary among institutions, the authors cite a common core of operational activities; counseling about student expenses and financial aid opportunities, general administration, student motivation and resources development, and research. They agree that centralization improves operational process. The authors encourage a good working relationship with off-campus agencies as well as the following university offices: advisory committees of faculty and staff; directors of registration, records, and data processing; dean of students' office; counseling, testing, and health centers; office of development; and office of alumni affairs. The report concludes with a discussion of application forms and of a central processing system for evaluating student need. (Authors/LAA)

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A Design for a Model College Financial Aid Office

by William D. Van Dusen
John J. O'Hearne

Revised 1973 by
William D. Van Dusen

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by William D. Van Dusen
Educational Consultant
Brookdale, California

John J. O'Hearne
Director, Southwestern Regional Office
College Entrance Examination Board

Revised 1973 by
William D. Van Dusen

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Acknowledgment

Since 1968, when *A Design for a Model College Financial Aid Office* was first published by the College Entrance Examination Board, the administration and administrators of financial aid programs have changed considerably. Student aid programs that were then "idealizations" are now realities. The degree to which both the financial aid administrator and his professional associations have developed is remarkable indeed. Problems such as assisting large numbers of low-income students and coordinating multiple financial aid programs that seemed almost impossible in 1968 are now dealt with routinely. But other issues, more complex and more important, have arisen. It is for this reason that the College Entrance Examination Board has revised this publication—originally made possible by research grants from the University of California and the Coordinating Board, Texas College and University System.

The changes that have occurred and that continue to occur are largely the result of vigorous efforts of financial aid administrators, their professional associations, and concerned and interested legislators. It is to these groups that this publication is dedicated.

Introduction

Programs of financial assistance to students attending post-secondary institutions of education in the United States have changed drastically since 1643 when Lady Anne Mowlson gave 100 English pounds to "constitute an endowment for the support at Harvard of 'some poore schooler' . . ." and thereby established the first recorded scholarship program in the United States.[1] In 1959 Seymour Harris estimated that the $96 million reportedly spent on student aid in the 1965–66 academic year would increase to more than $600 million by the 1969–70 academic year.[2] It now appears that even Harris' estimate was pessimistic, occurring, as it did, before the major federal programs were developed. Using information from hearings before a Subcommittee of the United States House of Representatives, D. Bruce Johnstone provided estimates of assistance that was actually available in 1969–70[3] (see Table 1).

Legislative changes and new funding requests made since Johnstone indicate that the amount available for the 1973–74 academic year will be in excess of $4 billion. Clearly, the management of this substantial amount of money deserves close and careful scrutiny.

As Robert E. Stoltz has commented, the future direction of the financial aid profession is at present uncertain. The job of financial aid administrator "may become more clerk-like in character, or the financial aid administrator can emerge as a student-oriented counselor, assisting the prospective and present student in coping with his full array of financial concerns . . . the future will require . . . being aware of and concerned with the basic problem of what education in this society is all about" (*Financial Aid Report*, March 1973). The purpose of this publication is not to provide a "how-to-do-it" guide for the day-to-day administration of the financial aid office on individual campuses, but is rather to suggest some general philosophical considerations that should be part of this

Table 1. Estimated Financial Assistance Available 1969–70

	Millions of dollars
Grants:	
Educational Opportunity Grants	$165
GI Bill Veterans Educational Benefits	665
Social Security Educational Benefits	114
Other federal grants	163
State scholarships and grants	240
Grants from colleges	400
Other private sources	50
Total grants	$1,797
Employment:	
Federal College Work-Study	$147
College job aid	265
Total employment	$412
Loans:	
Federally sponsored	$1,168
College, nonfederally insured	30
State and other	40
Total loans	$1,238
All student assistance	$3,447

concern for a more than clerkly function. This publication is intended to provide for the aid officer an overview of an important area in the administration of colleges and universities but it is also for other administrators on and off the campus concerned with the development of financial aid programs, for students interested in pursuing careers in higher educational administration, and for concerned private individuals interested in knowing how this enterprise is managed. For as Stoltz continues, "Put bluntly, higher education in the 1970s and 1980s will probably be judged far more by the goodness of its managers than by the sophistication of its machines and the majesty of its masonry."

In the preparation of the first edition of this publication, much of the supportive information was obtained from an unpublished report of a survey of the financial aid policies, organization, and practices in accredited four-year institutions of

higher learning conducted in the 1965–66 academic year by the Bureau of Applied Social Research of Columbia University for the College Entrance Examination Board.[4] As part of that survey, questionnaires were mailed to the directors of financial aid at 1,094 regionally accredited four-year, degree-granting institutions of higher education in the United States. Usable responses were obtained from 849 institutions. Although the survey was conducted eight years ago it still provides the most comprehensive information available nationally about trends and activities in the administration of student financial assistance. Some parts of the study have been replicated, and will be cited herein where it is appropriate to do so.

What Constitutes Financial Aid to Students?

Development of Student Financial Aid Programs

Early programs of student financial aid were begun with money given to colleges by private individuals specifically to aid needy and worthy students; in many instances those funds were supplemented by allocations from the general funds of the institutions themselves. The purpose of student aid was to make a college education available to those individuals who could not themselves afford to pay the costs.

"The college was not to be an institution of narrow privilege. Society required the use of all its best talents, and while it would, of course, always be easier for a rich boy than a poor boy to go to college, persistence and ambition and talent were not to be denied. The American college, therefore, was an expression of Christian charity, both in the assistance that it gave to the needy young men and in the assistance that it received from affluent old men."[5]

As the term scholarship was used initially in connection with student financial aid, it meant a gift of money granted to a student who could not otherwise afford to attend college.

This original emphasis on student financial need continued through the years until the 1940s, but also during this period of time many alterations and embellishments were made in practices followed by institutions in the administration of student aid programs. These alterations were made in an effort to serve national and institutional purposes by means of student financial aid while at the same time enabling needy students to attend college. Scholarship programs were organized in several states to provide aid for special groups of students, such as those preparing to become teachers or doctors and nurses in rural areas. Institutions used aid funds to recruit students from special groups in the hope that the subsidized students would help to attract other enrollees who would be able to pay the charges. Colleges also desired to have some needy students on

the campus so that they would not be characterized in the public's mind as snobbish havens for the affluent.[6] In addition, institutions of higher learning inaugurated special financial aid programs to recognize or to reward particularly outstanding skills developed by students in nonacademic or cocurricular areas; for example, grants were awarded to students for special ability in athletics, debating, music, and other fields.

The general continuation of emphasis on the financial need of the student as a criterion for assistance during those years was evidenced by the establishment of textbook loans for needy students, the operation of special dining halls for the poor, and the introduction of manual labor programs for students. An early example of the poor being given first preference in locating term-time jobs was the establishment at Yale in 1900 of the "Bureau of Self Help" to assist needy but ambitious students.[7]

The desire to achieve a number of different goals by means of student financial aid continued to be apparent after the end of World War II. In the closing months of the war, the Servicemen's Readjustment Act of 1944, known familiarly as the GI Bill, was passed. This action by a grateful citizenry channeled into college large numbers of students who brought with them substantial amounts of support from the federal government granted without regard to financial need. Many institutions found that scholarship funds previously used to support needy students were no longer required for that purpose, and those colleges began to use these funds to attract and to reward students with academic or other special talents with little or no regard to the financial conditions of the student or his parents. The term *scholarship* thus gained new meaning as a gift of money used to reward talented students, and the public became familiar with such phrases as *academic scholarship*, *athletic scholarship*, and *music scholarship*.

Yet another shift in the rationale of financial aid programs began in the late 1950s when additional agencies of the federal government began to provide large amounts of assistance to

college students. The National Defense (Direct) Student Loan (NDSL) Program, authorized by the National Defense Education Act of 1958, was a major student financial aid effort by the federal government. The results of the NDSL Program were dramatic, particularly in light of the fact that student loan programs had been available in some institutions since the early 1900s.[8] For example, it was estimated that prior to initiation of the NDSL Program, $26 million was available in college loan programs, but only 50 percent of such funds was actually on loan. While those data might have seemed to indicate a reluctance on the part of students and their parents to borrow for educational expenses, the NDSL Program in its first full year of operation advanced more than $60 million to students.[9] Although the NDSL Program was clearly a loan program it followed the pattern established by many earlier scholarship programs in requiring that preference among needy students be given to those of exceptional promise who would enter such areas as mathematics, science, foreign languages, engineering, and education. (Preferential consideration for outstanding students preparing to enter those special areas is no longer required by the NDSL Program, although favorable cancellations of repayment for graduates working in particular areas continues this initial pattern.)

In 1964 the Congress of the United States passed the Economic Opportunity Act, which among its provisions authorized the establishment of the College Work-Study Program. This program combines federal, institutional, and private funds to encourage and to extend the employment of students, both on the campus and in nonprofit off-campus agencies. Postsecondary educational institutions that participate in the College Work-Study Program are required to maintain, from their own funds, their previous level of student employment unless they receive a waiver for good cause. This program is intended to assist and to advance, but not to replace, the efforts of the colleges to provide jobs for students. Initially the College Work-Study Program was restricted to students from extremely low-

income families. These severe limitations have since been revised, and now it is required only that preference in employment be given to students from low-income families.

The Higher Education Act of 1965 centralized the administration of sponsored student aid activities in the United States Office of Education and established the Educational Opportunity Grants Program (now the Supplemental Educational Opportunity Grants Program). This program authorizes direct grants, that are not repaid, to students who demonstrate that they and their families are unable to pay for higher education. The grants may not exceed $1,500 or one-half the amount the student needs to go to college, whichever is less, and a matching amount must be made available to the student from other approved sources of student financial aid.

The trend toward increased federal involvement in providing financial assistance to college students was continued with the establishment of the Federally Insured (Guaranteed) Student Loan Program, which combines the efforts of states, the federal government, and private lending institutions to provide a major source of loan money for students; the establishment of similar grant and loan programs specifically for law-enforcement officers, nurses, and doctors; extension of Social Security benefits to age 22 for recipients who are enrolled in postsecondary institutions; and inclusion of provisions for grant assistance in such programs as the Model Cities Development Act are further examples of federal involvement. Establishment of the Basic Educational Opportunity Grants in the Education Amendments of 1972 demonstrated an additional commitment by the federal government by assuring an entitlement of up to $1,400 per year in gift assistance to any student who, "for lack of such a grant, would be unable to obtain the benefits of a postsecondary education."[10]

The major federal programs of student aid have now departed from an earlier practice of limiting eligibility to academically superior students and stipulate only that the student maintain normal progress toward his degree according to the

standards usually used by the institution to define "normal progress." The essential criterion of these current federal programs is the student's need for funds. Thus, the purpose of the principal financial aid programs of today is markedly similar to the original intention of student aid programs—to make the best use of the talents of all the country's young men and women.[11]

Another significant shift in the focus of the major federal programs of student aid is away from eligibility decisions that are made by the financial aid officer on campus toward the concept of "entitlement." Under this new concept, exemplified by the Basic Educational Opportunity Grants Program, any student in a postsecondary institution is theoretically assured of a certain amount of support being made available to him no matter what educational institution he attends. In effect it provides a guarantee of aid from the federal government whenever the basic eligibility criteria are met.

Current Forms of College Student Financial Aid

In the most general sense financial aid for students attending postsecondary educational institutions may be described as any means available to offset or to diminish the expenses normally incurred by an individual who lacks the resources needed to cover his expenses while he is in college. Typically, however, a more limited view is taken: student financial aid is considered to be only those expense-reducing means (money, goods, or services) awarded directly to or for the student himself and used to defray educational and living expenses. In order to qualify for those expenses-reducing means classified as student aid, the award of money, goods, or services must be made to or for a student to meet his individual expenses, as contrasted with an award made directly to a postsecondary institution to assist it in meeting operating expenses. For example, an award by a donor to a student to meet the expenses of room and board is classified as student aid, but a bequest

from the same donor to a college to enable it to maintain low-cost housing for students is not so categorized.

Although it might not be possible to establish a set of definitions that would include all types and variations of programs of student aid that are available at institutions of higher learning, it is feasible and highly desirable to develop a series of definitions for the principal types of aid programs commonly available at most colleges and universities throughout the country.[12]

Although experience has shown that it is practically impossible to achieve general agreement on and acceptance of definitions could facilitate intra-institutional communication and research efforts by providing a standard method for reporting aid resources and activities. In addition, the particular importance of the adoption of a single set of definitions is apparent when financial aid activities are carried out on a number of campuses of the same institution or by a number of institutions that report to the same governing board or central coordinating agency. In order to exercise responsibilities, to provide effective supervision, and to achieve coordination, the central board or agency must be able to compare directly the resources and the programs of the various activities within its purview. The absence of mutually agreed-upon definitions makes such comparisons difficult, if not impossible. The implementation of such a set of definitions also would make possible comparisons of the activities of institutions that are responsible to various governing bodies.

Student financial aid programs may be generally organized into three categories: grants, loans, and jobs. These three categories may be further subdivided according to the special characteristics of individual programs. The first major subdivision of each of the three general classes of aid is made in terms of whether or not the applicant and his family must submit financial data to show a need for assistance, and whether or not the amount of aid to be awarded is related to need for funds to meet educational expenses.

Grants

Scholarships or *grants-in-aid* are awards of money, tuition discounts, remission of tuition and fees, or similar considerations that require neither repayment nor specific service to be performed by the student. Frequently they are made to further a particular institutional purpose such as increased enrollment of students from specific ethnic, social, economic, or geographic segments of the population.

Service awards are similar to scholarships and grants, except that these are awarded in return for specific services rendered to the institution and are usually made in recognition of unusual ability in areas such as athletics, debating, or music. Service awards differ from employment because they are generally grants of money and not payment for work on an hourly basis or on the basis of completion of specific tasks. All these forms of gift aid, as financial assistance, are referred to here as *grants*.

There are several subcategories within a program of grants:

1. *Awards based on the student's preparation and potential for achievement in the institution's general or special academic programs.* These awards recognize and reward past academic accomplishment or the capacity for future achievement in the overall curriculum or in special programs of study, and occasionally involve an element of competition. Funds for the awards may come from the resources of the institution itself or from donations made by individuals, corporations, foundations, or other donors.

2. *Awards based on the student's preparation and potential for performance in nonacademic or cocurricular areas of the institution's program.* These awards acknowledge special skills in areas such as athletics, music, debating, and journalism; eligibility for some awards may be restricted to students participating in specific programs, such as the marching band or ROTC. These awards may be offered in general recognition of the special skill, or they may require ongoing performance by the student in order for the award to be continued.

3. *Awards to provide special benefit to the applicant or his parent because of the parent's relationship to the institution, to a particular professional group, or to a donor.* These awards include those made to children of faculty members and children of clergymen as well as awards offered by industrial or other organizations for children of their employees or members.

The importance of grant awards in a financial aid program, even in a low-cost publicly supported institution of higher learning, has increased as both the academic demands and the expenses of postsecondary education have become higher. It is increasingly more difficult for a student to support himself (and, in many cases, his own family) through his own efforts. Loans can be important supplements to aid the student. Limits on the total amount borrowed by a student, whether set formally by the loan program or the institution or informally by the borrower himself, are frequently lower than the total need of the student. The difference between the need of the student and the funds that he may be expected to provide from his own efforts, his family's efforts, and by prudent borrowing should be made available to the student through grants.

A substantial amount of grant assistance to college students is provided by the federal government, acting through the Basic Educational Opportunity Grants Program, the Supplemental Educational Opportunity Grants Program, and similar grants that are part of the Nursing and Health Professions Student Assistance Programs, and the Law Enforcement Education Program. Most of these grant programs are administered by the postsecondary institution according to specific procedures and under what are frequently seen as rigid rules and regulations established by the federal government. There may be many circumstances where the particular rules and regulations governing the administration of a federal grant program may technically disqualify an applicant who, in the judgment of the financial aid administrator, should receive grant aid. It is, therefore, necessary to have additional funds available from institutional or private sources in order to be able to extend the

assistance of a grant to a student who technically is not qualified for assistance within the confines of the federal program.

Although there is pressure for colleges to limit awards of grant aid to students who have financial need, it must be acknowledged that some institutions use grant assistance in other types of programs as well. Some such programs reflect the continuation of traditional and historical connotations attached to the term "scholarship." Examples of such programs would include awards that provide recognition to relatives of benefactors of the institution; awards to residents of the community in which the institution is located; awards by denominational institutions to members of certain churches; and awards to students who plan to study in particular academic disciplines that are of limited popularity. Other programs reflect the concern of institutions for the enrollment of potential students from "middle-class" families who may not demonstrate need according to national standards but still find it difficult to pay the full costs of education from their resources or by borrowing.

Considerations such as these may make it necessary for a program of grants to include the following types of awards:

1. *Honor scholarships*, given to students with or without financial need on the basis and in recognition of superior academic ability or achievement. Generally awards made to students who meet academic criteria but who do not have a need for funds are in modest or token amounts.

2. *Grants-in-aid*, given to students who demonstrate financial need without any consideration for their academic achievement as long as their record is at or above the minimum level required to maintain good standing at the institution. The primary difference between a grant-in-aid and a scholarship is that the latter is normally contingent on maintaining some academic standard well above the minimum for good standing.

3. *Service awards*, given to students with or without financial need on the basis or in recognition of their abilities in special parts of the academic or cocurricular program (such as music, student government, or athletics).

Institutions of higher learning are frequently asked to administer funds on behalf of donors or sponsors who wish to select the recipient themselves, such as a local school Parent-Teacher Association, a community service club, or a fraternal organization on- or off-campus, but who wish to disburse the money through the college. Such "trusteeship" accounts can provide substantial sums of assistance although they may not be considered a formal part of the financial aid program of the institution.

Loans

Loans are sums of money offered with the requirement that they be repaid in whole or in part, with or without the payment of interest. Applications for loan assistance may or may not call for the applicant and his family to report financial data in order to show a need for funds, and the amount loaned may or may not be contingent upon the amount of need. Some loan programs call for the payment of interest during the period of study, while others defer interest until after the student leaves college. While the definition of student financial aid given at the beginning of this section (see page 8) would seem to include all loans, loans as financial aid are generally considered to be only those made at a true rate of interest not greater than the prevailing rate for consumer credit. While commercial loans with a higher rate of interest may be used to defer payment of some educational expenses, they are usually not considered to be student financial aid in the customary sense of that term.

Currently the major sources of loan funds are the federal and state governments, including those made by commercial lenders and subsidized under the Federally Insured Student Loan Program (which is the largest program currently in operation). Among the other large loan programs in the United States are the National Defense (Direct) Student Loan Program, the Health Professions Student Loan Program, and the Nursing Student Loan Program sponsored by the federal government.

In addition to loan funds provided by sources outside the institution, many colleges provide long-term and short-term loans to students from their own resources. Long-term, low-interest-rate loans are repayable shortly after graduation or withdrawal although interest does not accrue as long as the student continues to be enrolled. Short-term or "petty cash" loan funds permit colleges to satisfy the emergency needs of students (for example, grocery or rent money until payday) in an efficient and economical manner. Typically these funds provide small amounts for a short period of time, such as "$30 for 30 days."

Some student loan programs available from organizations and agencies other than the institutions of higher education do not require extensive on-campus administrative activity; for example, tuition loan programs available through commercial banks. The educational institution's involvement with such programs is minimal, frequently being limited to attesting to the lender that the applicant, or the applicant's child in the case of a bank loan to a parent, is a registered student. Other external loan programs, such as the Federally Insured Student Loans also available through commercial lending institutions, require that the institution provide an assessment of the student's financial need that may be as detailed as that done by the institution for its own programs.

Jobs

Some institutions consider student employment a form of financial aid only when the jobs are paid for from the funds of the college or from funds administered through the financial accounts of the institution. However, many institutions have broadened the meaning of employment as a form of aid to include all work opportunities for which the college assists in job placement or where the applicant receives preferential treatment because of his status as a student. For example, some colleges have standing agreements with certain local employers for placing a given number of students each semester in part-time jobs. Other institutions may have large cooperative

educational programs that provide for employment one semester and study the next. The kinds of jobs that students have been and can be directed to are limited only by the economic conditions in the campus community and the ingenuity and imagination of the financial aid administrator and the students. Eligibility for employment and the amount of remuneration may be determined, as with grants and loans, either with or without requiring the student and his family to report financial data in order to show a need for funds. Employment may be for a specific and announced duration, controlled by a number of hours to be worked each week, or it may be for an unspecified duration limited by the time needed to complete a given task.

Many institutions make such employment available to any student who wishes to work, whether or not he has financial need. In those colleges, it is usually held that employment itself is an educational experience that will provide a worthwhile supplement to formal classroom instruction. Many institutions set aside a number of positions or a certain payroll dollar amount to be used for students who demonstrate financial need. Among such positions are term-time jobs assisting members of the faculty, administration, and service staffs; vacation employment; student agency arrangements (through which students operate service enterprises on the campus for profit); and what might be termed casual labor jobs (such as baby-sitting and gardening) that can provide income in small amounts to meet unanticipated expenses.

Principles and Practices of Financial Aid Administration

Over the years, administrators have wrestled with the need to have a commonly agreed upon set of principles that would outline accepted standards for the administration of financial aid. The following statement was developed for and by the colleges, universities, scholarship agencies, secondary schools, and school systems participating in the College Scholarship Service Assembly of the College Entrance Examination Board. The statement is predicated on the continuing belief that postsecondary education should not be a privilege reserved only for those who can afford to purchase it, and that the financial resources of the student and his family should not limit the student's access to postsecondary education. This "Statement of Principles" expresses a basic philosophy to which large numbers of institutions subscribe and from which financial aid officers, both individually and as members of their own professional associations, have developed similar standards for themselves. Each of the more than 1,600 postsecondary institutions, secondary schools, and agencies that are members of the College Scholarship Service Assembly have agreed, through their presidents, to support the statement. By its adoption, the member institutions of the CSS Assembly acknowledge the fact that equality of educational opportunity can be realized only with fully funded and properly administered need-based programs of student financial assistance, and have affirmed their intent to work toward achieving these goals.

Statement of Principles

1. The purpose of any financial aid program—institutional, governmental, or private—should be to provide monetary assistance to students who can benefit from further education but who cannot do so without such assistance. The primary

purpose of a collegiate financial aid program should be to provide financial assistance to accepted students who, without such aid, would be unable to attend that college.

2. Each college has an obligation to assist in realizing the national goal of equality of educational opportunity. The college, therefore, should work with schools, community groups, and other educational institutions in support of this goal.

3. The college should publish budgets that state total student expenses realistically including, where applicable, maintenance at home, commuting expenses, personal expenses, and necessary travel.

4. Parents are expected to contribute according to their means, taking into account their income, assets, number of dependents, and other relevant information. Students themselves are expected to contribute from their own assets and earnings, including appropriate borrowing against future earnings.

5. Financial aid should be offered only after determination that the resources of the family are insufficient to meet the student's educational expenses. The amount of aid offered should not exceed the amount needed to meet the difference between the student's total educational expenses and the family's resources.

6. The amount and type of self-help expected from students should be related to the circumstances of the individual. In the assignment of funds to those students designated to receive financial aid, the largest amounts of total grant assistance should go to students with the least ability to pay.

7. The college should review its financial assistance awards annually and adjust them, if necessary, to reflect changes in the financial needs of students and the expenses of attending the institution. The college has an obligation to inform students and parents of the financial aid renewal policies for enrolled students at the time of the initial offer of financial assistance.

8. Because the amount of financial assistance awarded reflects the economic circumstances of the student and his fam-

ily, the college should refrain from any public announcement of the amount of aid offered, and encourage the student, his secondary school, and others to respect the confidentiality of this information.

9. All documents, correspondence, and conversations between and among the aid applicant, his family, and financial aid officers are confidential and entitled to the protection ordinarily arising from a counseling relationship.

10. Concern for the student should be paramount. Financial aid should be administered in such a manner that other interests, important though they may be, are subordinate to the needs of the student.

These principles, published annually by the College Scholarship Service, are the most widely accepted statement used in the administration of financial aid for college students.[13]

While the "Statement of Principles" provides a broad philosophical base that can be used by the institutions in the direction of financial aid programs, it does not pretend to provide for every contingency nor is it necessarily specific enough for each institution. Institutions that are involved in the broad federal and state aid programs need, in addition, a statement of more specific and directly applicable *practices* that can contribute to their daily administrative functions and assist them in equitably and fairly aiding and counseling college students. The member institutions of the College Scholarship Service Assembly have, over the past years, been working toward the development of a statement of practices that will help set standards to which new aid administrators can turn for guidance in the establishment of soundly functioning student aid programs that will reconcile institutional goals and objectives with those of aid sponsors. The following statement, while still being considered within the governing structure of the Assembly, represents the consensus of the membership at this time:

Statement of Practices

1. Encourage coordination among institutions, schools, and federal, state, and community agencies to motivate all students capable of continuing their education beyond high school to consider postsecondary education regardless of their financial circumstances.

2. Provide guidance information and counseling to assist students and parents in financial planning.

3. Actively encourage students to utilize available financial aid services.

4. Publish widely information regarding financial aid policies, full costs of attendance, application procedures, eligibility criteria, and financial assistance.

5. Utilize administrative procedures that are responsive to student needs.

6. To the extent possible, administer financial aid programs through a central office to insure consistency in the awarding of aid to students and the most efficient use of available funds.

7. Provide assistance on the basis of financial need through the determination of parents' and students' ability to pay for educational costs using a consistent, reasonable system of need analysis.

8. Acknowledge and meet the full need through a combination of grant, loan, and employment determined through consideration of the students' individual circumstances and abilities to the extent possible.

9. In order to serve the student's best interest, whenever possible administratively, notify students of both financial aid and admissions decisions as early as possible and indicate in the award notification the type, amount, and conditions of the award, and share information with parents regarding the expected amount of family contribution.

10. Provide students not being offered financial aid with the specific reason(s) for the denial and to the extent possible assist the student in finding alternative sources of aid.

11. In making awards to students applying for renewal of

aid, review the students' current financial circumstances and establish the amount of aid with full consideration for the students' actual current need, rather than make a categoric reduction of the aid amount each succeeding year.

12. Advise secondary schools and state or other scholarship agencies that announcements of individual or aggregate student aid awards received by their graduating students are inappropriate because they are based on financial need.

13. When the identity of the student is in evidence, release financial aid records and information only with the written consent of the student and/or parents as appropriate.

14. Include students on financial aid committees that are responsible for establishing financial aid policies and procedures.

15. Provide data and other assistance that contribute to research in the field of financial aid to improve the practices and procedures for providing financial aid to students in an equitable manner.

16. Share information about mutual aid candidates to insure equitable financial aid awards and thereby permit a student freedom of choice in institution.

17. Conduct research to assist in the realistic development of student budgets to meet each specific student population's needs including those students living in their parents' home in the community.

18. Encourage and participate in training programs that develop skills needed to serve students more effectively.

Functions of the Financial Aid Office

Need for Centralization

Although the special purposes of federal and state governments and public and private institutions have been advanced through the device of student financial aid, the major and continuing purpose of the aid programs has been to extend the opportunities of higher education more broadly. As Jencks[14] has written "while lack of money is by no means the most serious problem confronting children from the lower strata seeking education . . . it is the most commonly discussed, the most easily analyzed, and the most readily eliminated." There is agreement among experienced financial aid administrators that the best aid programs are those characterized by an intense and overriding concern for the welfare of students.[15] This argues that the aid programs be available to serve all eligible students in all parts of the institution, and that it not be limited to certain students in favored colleges or selected programs. Regardless of the size of the institution, equity, efficiency, and economy will be realized through the centralization of the administrative processes of financial aid. The financial aid office should be responsible for the administration of each of the major student assistance programs of loans, grants, and jobs. This responsibility should include services not only for undergraduates—freshmen, transfer, and upperclass students—but services for graduate and professional school students as well. Further, financial aid for students in the teacher education program, for example, should be administered through the central aid office and not as an administrative adjunct within the school of education.

At present the ideal situation required to achieve these goals is not generally present in American colleges and universities. Although it is not uncommon for a single office to supervise and conduct the general aid program for undergraduate students, it is unusual for this same office to exercise equivalent responsi-

bility for the aid programs for graduate and professional school students. The student assistance programs limited to graduate students are frequently administered within the graduate division or department and the separate professional schools of the university. A major departure from this occurs when a particular program is available to both undergraduate and graduate students. In such cases the responsibility for the operation of the program is generally assigned specifically to the financial aid office. The National Defense (Direct) Student Loan Program is an example. Loans under the NDSL Program are available to both undergraduate and graduate students, and a single office is normally charged with the responsibility for the total program.

Of the 849 institutions that responded to the Bureau of Applied Social Research 1965–66 survey cited earlier, 41 percent indicated that all forms of undergraduate student aid in their institution are administered by one office.[16] Table 2 shows the degree to which results of the BASR survey indicated that the various types of aid are administered by the institution's office of financial aid or are handled by some other office of the institution; the table demonstrates the high degree of centralization that appeared to exist in the administration of scholarships and loans, and to a lesser extent in job opportunities.[17]

Table 2. Proportion of Financial Aid Administered by Various Offices

Type of aid	*Administered by the aid office*	*Administered by some other office*	*Not available at the college*
Scholarships to entering freshmen	81%	18%	1%
Scholarships to enrolled students	84	15	1
Loans to entering students	89	10	1
Loans to enrolled students	89	10	1
Term-time jobs on the campus	60	35	5
Term-time jobs off the campus	37	35	28
College Work-Study Program	58	13	29

There is some indication, however, that this reported coordi-

nation is more apparent than real. In a study conducted by the General Accounting Office in 1971 of the coordination of the federally funded programs of financial assistance, it was found that administrative coordination continued to be a problem.[18] That report found it necessary to make specific recommendations that the Secretary of Health, Education and Welfare "direct the Office of Education to . . . require institutions of higher education to establish procedures for coordinating assistance provided under federal student aid programs which require a sharing of financial need with any assistance provided under the Guaranteed Student Loan Program and other school-administered aid programs."[19] This recommendation was made on the basis of findings that financial aid administrators at nearly all the institutions surveyed awarded aid to students without regard to whether the student had requested or obtained loans under the Guaranteed Student Loan Program. The General Accounting Office also found that financial aid offices were not provided with information about students who received aid from federal, state, or private programs that were administered by other offices on the same campus.

There is some disagreement about the place and the role of student employment in the overall financial aid program. Many institutions believe that students who are not in need of financial aid should be permitted to work if their employment does not adversely affect opportunities for students who are in need of funds. In these institutions some or many of the employment opportunities that are not contingent upon the student's demonstration of financial need frequently are not administered by the financial aid office. Even here, however, the aid office should be responsible for the filling of jobs reserved for students who need financial assistance. The coordination of need-based and non-need-based student employment, however, is becoming increasingly important with the reductions being experienced in state and private funds for student assistant employees and the concomitant increased reliance on the federal College Work-Study Program to provide not only jobs for stu-

dents in off-campus nonprofit agencies especially during the summer months but for term-time part-time employment at the institution as well.

Centralization of student financial aid operations has advantages both to the institution and to the students. When responsibility for the conduct of the financial aid program is not administered centrally, a student must first locate information about the several sources, must then seek out, evaluate, and synthesize the advice and instruction he receives, and finally he must initiate the appropriate application in each office. Without a centralized office, the student may find himself in an administrative maze, and because of confusion or frustration he may overlook or be unaware of aid programs for which he is eligible. If student aid operations are organized centrally, the student needs to visit only one location to discuss his overall financial situation and to seek a reasoned and coordinated solution to financial problems that may involve combinations of a grant, a loan, and a job. Such a centralized organizational structure will permit the student to plan adequately to meet his necessary expenditures.

A further advantage of a centralized aid office is that it permits more efficient utilization of limited funds. The General Accounting Office (GAO) survey described earlier found that at those institutions without a procedure for coordination of all aid, significant over-awarding was likely to occur. In the sample of student awards studied by the GAO, 14 percent were awarded aid that averaged nearly $910 more than their indicated financial need.[20] Their report observed that "during the past several years, institutions have not been given the full amount of federal aid that they requested to meet the financial needs of their students. The problem of providing sufficient aid to students may be expected to grow as school enrollment and tuition costs continue to rise. By providing some students with more aid than they need to meet their educational expenses, the institutions are tying up federal funds that could be used to help other students who qualify."[21]

A central operation will permit the institution to simplify its procedures and reduce its paperwork, because it is then possible to utilize a single general application form for all types of aid. The use of a unified application form permits the student to supply significant data only once, and it reduces the possibility that a qualified student will be denied, or even not considered, for aid of a particular type merely because he was unaware that his application was not appropriate for that form of assistance.

A central organization will facilitate coordination within the institution among the diverse types of aid programs and the varying procedures employed in administering student aid. The growth of the number of dollars available in the total resources for student financial aid continues to increase the desirability and acceptability of uniform and consistent administrative control. The rising educational expense budgets of students, and the frequency with which it is necessary for the institution to combine funds from the several forms of aid—grant, loan, job—to form a single award package for an individual student, make ever more apparent the desirability of assigning the responsibility for all aid programs to a single office.

The increasing requests and requirements for institutional reports of financial aid activities, both for administrators within the institution and to donors of funds from outside the institution, suggest that consolidated records be readily available that will reflect all the actions on aid applications for each individual student. Requests for information from state and federal governments can be answered more efficiently when student aid activities are centralized than when responsibilities are dispersed throughout the campus.

Operational Activities

The actual functions to be performed by the personnel of the financial aid office will vary according to the specific responsibilities assigned to it and the programs under its jurisdiction.

However, there is a central core of activities that is necessary to achieve successful administration of the obligations that are basic to any aid office. The following itemization presents the most common of these activities.

I. Counseling about typical student expenses, financial aid opportunities, and money management
   A. Conduct regularly scheduled meetings to provide needed information to specific groups
      1. Prior to admission to college
         a. Potential students, both first-time freshmen and transfer students who request information
         b. Applicants for financial aid
         c. Parents' groups
         d. Local scholarship donor groups
      2. During the students' college years
         a. Aid applicants
         b. Aid recipients
         c. Students planning withdrawal or transfer
      3. Prior to graduation
         a. Aid recipients
         b. Potential applicants to graduate and professional schools who request information
   B. Confer with individual students, on the initiative either of the student or of the financial aid administrator
      1. Student expense budgeting
      2. Personal and family situations that might be related to financial needs and opportunities
      3. Money management
II. General administration
   A. Supervise office functions
      1. Develop and review financial aid applications and forms used in the administration of aid programs
      2. Establish routines and procedures to be used in maintaining and storing records
      3. Assign duties and supervise office personnel

4. Organize and implement an in-service training and development program for office personnel

B. Review state and federal legislative changes to assure institutional conformity with provisions

C. Review applications for financial aid
   1. Evaluate financial status of the applicants in connection with aid programs that require demonstration of financial need
   2. Evaluate supporting records of the applicants, e.g., personal, academic, etc.
   3. Determine eligibility of the applicants for consideration for the several types of programs within the three major forms of aid

D. Allocate resources of those students who are to receive assistance
   1. Select applicants to whom aid will be awarded
   2. Determine the amount of aid to be awarded each successful applicant
   3. Decide for each successful applicant how to package two or more forms of aid, and in what combination of amounts
   4. Notify successful applicants of the amounts and the forms in which aid is being offered to them and any conditions of the offers
   5. Inform the successful applicants who accept offers regarding the procedures they must follow to secure dispersements or to have awards properly credited to their accounts at registration; how to continue to remain eligible; and how to request renewal awards
   6. Notify unsuccessful applicants why the applications were denied, suggest alternate means of meeting expenses, and explain procedures for reapplying for aid in the future

E. Authorize the disbursement of funds
   1. Report to the appropriate fiscal authority on the campus the amount and form of each award made

2. Authorize the transfer of funds to the student or to the student's account

F. Review and plan
1. Evaluate the functions and activities of the aid office
2. Prepare planning memorandums for aid office activities in future years
3. Prepare proposed budgets of student aid funds
4. Prepare budget requests for the staff and the operation of the aid office
5. Prepare recommendations on the institution's policies for student financial aid
6. Attend and participate in meetings concerned with development of institutional policies on financial aid

III. Student motivation and resources development (in cooperation with the admissions and the development offices)
A. Visit secondary schools and community colleges
1. Participate in meetings and discussions on the general topic of attending college
2. Assist in programs and activities designed to stimulate interest in attending a particular college

B. Conduct workshops and other informational activities on financial aid
1. Faculty and students within postsecondary institutions
2. Secondary school and community college administrators and faculty
3. Secondary school and community college students and their parents
4. Community, civic, patriotic, and fraternal organizations

C. Develop resources of aid
1. Continue to cooperate and to consult with representatives of existing sources of funds
2. Meet with potential donors and sponsors of funds

IV. Research and evaluation
A. Initiate and continue evaluations of the aid program of the institution

B. Conduct and encourage studies on the impact of the aid program on the students and the institution
C. Summarize applications
   1. At the close of each awarding period, or at least annually, review applications for financial aid
   2. Gather data on such characteristics of the applicant group as sex, ethnic background, family size, income, and assets
D. Prepare necessary reports
   1. Annual report to the institution
   2. Reports to agencies of the state and federal governments both to recapitulate activities and to initiate requests for additional funds
   3. Annual report to the donors or sponsors of funds

This itemization of the functions of the aid office omits the actual disbursement of funds to students. The payment of funds to the student or the establishment of credit for an individual is generally a function of the business office rather than the financial aid office. The activity of the student aid office in this area normally does not extend beyond the transmission to the business office of the appropriate documents that authorize the outlay of funds. In a similar fashion, the collection of loans is not viewed as a function of the student aid office. However, this does not mean that the financial aid director is not to be concerned with problems that arise about loan repayments, nor that he should not counsel with students concerning repayments both when they borrow money and before they leave the institution. It does mean that the routine tasks of periodic billing and the bookkeeping chores required when the institution receives loan repayments should be the province of the fiscal office and not the student financial aid office. The activities of disbursements and collections are discussed later in this report in the section on relationships between the financial aid office and the business office.

Administrative Organization of the Financial Aid Office

Administrative Structure

Before 1958, the administration of student financial aid at many institutions required few man-hours each year. The responsibility may have been discharged by a single individual, perhaps a dean, or by an occasionally assembled "staff" that constituted a temporary "ad hoc" committee to conduct the program in an intuitive and benevolent manner. Frequently, there was no higher authority who supervised the activity and no one, other than the fiscal officer, who required an accounting. Seldom, if ever, was there even a formal rationale within which to function.

As aid resources have increased in importance both to the institutions and to the students, and as the number of students applying for aid has increased, the organizational structure of student financial aid offices has been reconsidered and revised by almost every institution. Specific individuals are now assigned responsibility for the various student financial aid procedures, and these individuals occupy specified positions in the administrative organization of the institution. At many institutions, however, the function continues to be a part-time responsibility of one or more individuals (see Table 3). In a survey conducted in 1970 by Warren W. Willingham, only 60 percent of the responding institutions had a director of financial aid who considered himself to be full time.[22]

The financial aid program is generally considered to be one of the student services in institutions of higher learning. Ayers, Tripp, and Russell[23] report that although in about 50 percent of the institutions the financial aid administrator reports directly to the president, in an additional 20 percent the aid administrator reports to the director of student services. At larger institutions, particularly those with an enrollment of more than 2,500 students, it is most common to find the financial aid adminis-

Table 3. Type of Position Held by Financial Aid Officers

Type of institution:	*Full time*	*Part time alone*	*Part time with others*
Private	51%	35%	14%
Public 4-year	86	2	12
Public 2-year	55	33	12
Size of program:			
Under 300 applicants	21%	70%	10%
300–1,000 applicants	72	11	17
Over 1,000 applicants	87	4	9
All respondents	60%	27%	12%

trator reporting directly to the chief administrator for student services (see Table 4). These findings are in agreement with those of Nash,[24] who found that 46 percent of the aid administrators reported to the college president, and 29 percent reported to a dean. In the latter case 75 percent of the deans were deans of students.[25] Nash distinguished between part-time and full-time directors of financial aid and found that only 16 percent of those administrators whose duties were limited to financial aid reported to the president, while 49 percent reported to a dean; he noted: "This means that at larger colleges, at higher quality colleges, at colleges with graduate programs, and at colleges with centralized aid organizations, the aid director is more likely to report to the dean than to the president."[26]

Table 4. The Aid Administrator's Immediate Superior by Type of Institution

	Type of institution				
Superior	*Private 4-year*	*Private 2-year*	*Public 4-year*	*Public 2-year*	*All respondents*
President	32.4%	59.5%	7.2%	29.1%	28.9%
Dean of students	18.4	9.5	44.6	52.8	34.3
Dean of admissions	7.4	–	8.4	3.1	5.4
Chief business officer	19.9	19.0	8.4	3.1	11.9
Other	20.6	11.9	31.3	11.8	19.1
No response	1.5	–	–	–	.5

This was substantiated by data collected in a survey of financial aid officers in 9 Southern states conducted by Chambers in 1972. He found that 34.3 percent of all respondents reported to the dean of students. The pattern was even more pronounced in the public four-year and two-year institutions where 44.6 percent and 52.8 percent, respectively, reported to the dean of students.[27]

Role of the Faculty and Staff Advisory Committee on Financial Aid

Although it is not known when institutions of higher learning first extended to faculty advisory committees the concern for financial aid, it is apparent that such committees long have been involved with a broad range of matters that are related to student assistance. The Bureau of Applied Social Research survey reflected the continuing operation of committees on financial aid, since 87 percent of all respondents indicated that their institutions had such committees; among the publicly supported institutions, 91 percent reported committees on financial aid.[28]

Just as there seems to be agreement that a faculty and staff advisory committee on financial aid should exist, there appears to be a growing agreement on the role and scope of its work. The great majority of the committees devote attention primarily to recommending policy for the general operation of the institution's financial aid program. In the Nash study only 21 percent of the publicly supported colleges reported that the committee actually reviewed and evaluated individually each application for financial assistance.[29] A more recent survey conducted by the Panel on Student Financial Need Analysis for the College Entrance Examination Board provides more insight into the relative roles of the financial aid administrator and the committee of various institutional representatives.[30] (See Table 5.)

Table 5. Institutional Decision-Making on Financial Aid Policy and Individual Applications for Aid

Decision-maker	Individual decisions			Policy decisions		
	Public	*Private*	*Total*	*Public*	*Private*	*Total*
Aid officer	32	34	66	11	9	20
Admissions officer	—	3	3		2	2
Faculty committee	—	1	1	1	3	4
Faculty administrative committee	6	4	10	10	19	29
Faculty administrative student committee	3	1	4	17	8	25
Other officer	—	—	—	2	2	4
Total	41	43	84	41	43	84

The findings of this survey indicate that the financial aid administrator is predominantly responsible for the decisions made about the applications of individual students, while committees are predominantly responsible for the policy decisions that guide the individual awards made to students. Another interesting note is that even in 1969–70, when this survey was conducted, the policy-making groups at 30 percent of the institutions included representatives of the student body.[31]

In addition to matters of institutional policy, the advisory committee should be aware of and understand the national trends in student financial aid, and the ways in which these trends would and should affect the institution. The committee periodically should review the general operations of the aid office to insure that policy is reflected in procedures. To avoid becoming isolated from the students, the committee should serve as an appeal board for students who believe their requests for aid were not treated appropriately.

The advisory committee provides a means by which representation may be obtained from the several divisions of the institution, and it provides a vehicle to bring the perspectives of the various parts of the academic community to bear on the formulation and supervision of the institution's policy on student financial aid.

The normal procedures for establishing and staffing committees, and for selecting or appointing committee chairmen, should be followed in initiating and in continuing the advisory committee on financial aid. All parts of the institution should be involved in the development of a policy on financial aid in order that the policy be truly representative of the institution.

The committee should have as members representatives of the fiscal staff and the student personnel services staffs, as well as of the teaching faculty. Including students as members of the committee is recognized as extremely important by most institutions and most financial aid officers. The director of financial aid should serve as secretary to the committee. The advisory committee should be the body that brings recommendations for action to the attention of the appropriate officials.

Staffing

The problem of staffing the financial aid office has been and continues to be one of the most crucial and one of the least easily resolved. The Bureau of Applied Social Research survey noted that three quarters of the aid administrators reported that they worked 45 hours per week, and 23 percent said that they worked 55 hours or more each week.[32] Half of the respondents to the survey contended that they were without an adequate number of clerical personnel to meet their duties in student aid administration.[33] That this situation has changed little since that survey was made is noted by the National Association of College and University Business Officers. A 1972 publication states: "Too often the administrative hierarchy of the institution does not reflect the relative importance of the financial aid office in the budgetary and philosophical aspects of the institution. With the tremendous growth in student financial assistance and consequently the increase in the amount of funds administered through the student financial aid office, this office should be given a level within the administrative structure commensurate with its newly expanded im-

portance and responsibilities. In addition to being placed in an appropriately visible spot within the structure, the student financial aid office should be adequately staffed both in quality and quantity. Many institutions do not appoint a full-time person to handle the administration of these programs . . . schools cannot continue to overburden the person in charge of financial aid programs, nor can they give these jobs to a 'short-timer' at the institution or to someone who will quickly be moved up to a position of 'greater importance'. . . ."[34]

It is difficult, because of the variety of tasks that may be assigned to a particular office to postulate optimum numbers of professional and clerical staff for the operation of the financial aid office. There has been considerable discussion of the appropriate basis for use in determining the appropriate number of staff members. Most early staffing formulas were based on the number of students enrolled at the institution.[35] Subsequently, formulas were developed on the basis of the number of financial aid recipients. It now appears that a more appropriate basis is the number of students who apply for financial assistance. It requires at least as much staff time (if not more) to process an application that must be denied, communicate that decision to the applicant, and assist in the identification of alternative sources of financing for him as it does to process an application that is ultimately approved. The following minimum levels of staffing for institutions having various numbers of applicants for aid seem appropriate:

1. Under 500 applicants: A full-time director, one full-time secretary or administrative assistant, and two half-time student assistants or equivalent.

2. Between 500 and 1,000 applicants: A full-time director, one full-time administrative assistant, two full-time clerical workers, and four half-time student assistants or equivalent.

3. Between 1,000 and 2,000 applicants: A full-time director, one assistant director, two secretaries, and six half-time student assistants or equivalent.

4. Between 2,000 and 4,000 applicants: A full-time director,

two full-time assistant directors, one full-time administrative assistant, three full-time secretaries, three full-time clerical workers, and eight half-time student assistants or equivalent.

5. Over 4,000 applicants: A full-time director, three full-time assistant directors, one full-time administrative assistant, five full-time secretaries, four full-time clerical workers, and eight half-time student assistants or equivalent.

In very large institutions the use of standardized forms and the adaptation of routine procedures to utilize the capabilities of automatic data-processing machinery may reduce the need for increasing the number of clerical employees. If the financial aid office is assigned responsibilities for activities other than the actual administration of the student aid programs (such as collecting loans, accounting, bookkeeping, academic or vocational counseling, and veterans affairs), these proposed staff requirements must be increased to allow for the additional duties that would have to be undertaken.

The determination of adequate levels of compensation for financial aid office personnel must be based, among other considerations, on an evaluation of the responsibilities assigned, the professional preparation and experience required, and the general levels of local salary scales. The Bureau of Applied Social Research study collected data in 1965 about the range of

Table 6. Annual Salaries of College Financial Aid Officers (1965)[36]

Salary interval	*Number*	*Percent*
Over $15,000	34	4%
$12,001 to $15,000	99	12
$10,001 to $12,000	196	23
$ 8,001 to $10,000	246	29
$ 6,501 to $ 8,000	148	17
$ 5,001 to $ 6,000	69	8
Under $5,000	18	2
Did not answer, or clergy who are not salaried	39	5
Total	849	100%

total annual college salaries for people who serve as directors of financial aid (Table 6).

That the salaries paid to directors of financial aid continue to be less than adequate is demonstrated by the annual survey conducted by *The Chronicle of Higher Education*.[37] The most recent study showed that directors of student aid are the second lowest paid of the college administrators surveyed. The following table is abstracted from their study (Table 7).

Table 7. Comparative Salaries of College Administrators, 1971–72

Title	*Average salary*
Presidents	$28,891
Chief business officers	20,369
Chief student life officers	18,286
Directors of student counseling	15,386
Directors of admissions	14,649
Directors of student placement	13,531
Directors of student aid	12,216
Bookstore managers	9,501

The formal education of directors of financial aid ranges from those who did not acknowledge having graduated from college (7 percent) to those who went on to complete the requirements for a doctorate (17 percent). Almost all aid administrators (93 percent) had graduated from college, and most of them (66 percent) had earned a master's degree.[38]

Relations within the Institution

Because student financial aid serves to support and to extend both the general purposes and the particular programs of the institution of higher learning, the director of student aid and his staff necessarily must communicate frequently with the faculty and with the administrative staffs of other activities and programs on the campus. Although student financial aid activities impinge on every area of activity within the institution, associations with some areas are more frequent and the communications more critical than with others.

Faculty and Academic Activities

Because the development and transmission of knowledge is the chief goal of every college and university, the student financial aid program must function in support of institutional academic goals and programs. The basic principles recommended earlier to guide the operation of the student aid program do not preclude the involvement of the aid office in activities designed to recognize academic accomplishment, to enroll and retain qualified students, and to assist in the achievement of the goals set for academic counseling and student discipline. Indeed, those principles suggest the educational role of the aid administrator and provide the parameters within which these academic activities may be conducted.

The faculty can and should be a source of strong support for the student aid activities. Through membership on the financial aid advisory committee, the faculty is able to participate in establishing policies, practices, and procedures for the operation of the student aid program. As members of the advisory committee, the faculty can serve as an appeal board for students to assure that the daily administrative functions are being carried on in accord with the institutional principles, policies, and procedures. The faculty may also be able to serve

in the area of developing sources of grant and loan funds through their off-campus association with potential donors of aid resources. In addition, the faculty is one of the largest and most educationally worthwhile sources of employment for students.

While the role of the faculty as employer can provide a valuable resource to the financial aid administrator, this role can also produce problems. Many institutions today are faced with continuing and deepening cuts in funds available for both part-time and regular employment. When budgetary limitations reduce the amount of regular budgeted monies available for assistance, the faculty will naturally turn to the part-time and college work-study employment programs to find employees needed to perform educationally related jobs. The aid administrator may encounter difficulties in maintaining the federally mandated position that the College Work-Study Program is primarily a source of financial aid and that any benefit that accrues to the institution or particular segments of the institution must be secondary.

Admissions Office

Perhaps the most significant administrative relationship for the aid office is that with the admissions office. Prior to the student's first registration, both offices are concerned with many of the same students. Because the admissions office has the responsibility to evaluate high school records and other credentials of applicants for admission, the work of the aid office in determining academic qualifications of candidates for assistance can be greatly reduced. Too, the admissions office is in the position of having extensive, if not almost continuous, communication with secondary school personnel, applicants, and their families. Thus information on the aid program can be distributed with preadmission materials and in this way assist the students who are planning to apply for both admission and financial aid.

To a certain extent the admissions office is the source of candidates for the financial aid program. In recent years the numbers of students applying for admission who require financial aid has greatly increased, heightening the need for a close relationship between the aid office and the admissions office. Also, the federal government, particularly in provisions of the Supplemental Educational Opportunity Grants Program, requires institutions of higher learning to make a determined effort to identify, to motivate, and to enroll students who are economically and educationally disadvantaged who could benefit from continuing their education. When colleges apply for student aid funds they agree that, either singly or in cooperation with other institutions of higher learning, they will develop special ways to seek out such students. The successful execution of the agreement depends on a close and constant working relationship between the personnel of the admissions office and those of the financial aid office, since the primary responsibility for the identification, motivation, and enrollment of new students generally rests with the admissions office. At the same time, the aid office can and should be supportive of the admissions office recruiting efforts by supplying vital information on the characteristics of aid candidates and recipients who enroll or fail to attend. As increasing numbers of institutions face enrollment difficulties, the financial aid office will become an important source of data that the admissions staff can utilize to locate prospective students. Because of the interdependency of these responsibilities and the compelling need to communicate adequately with prospective students and their families, the staff of each office is deeply concerned with the work of the other office.

In general, institutions have formally recognized the usefulness of coordinating the aid and the admissions offices. The Bureau of Applied Social Research survey noted that although in 80 percent of the institutions there was no formal administrative relationship between these two offices, about 70 percent of the institutions reported that they had close or fairly close

coordination of activities; and in only 3 percent of the cases was no coordination reported.[39] While 80 percent of the institutions reported having separate advisory committees for admissions and for student aid, only 10 percent of the respondents reported no coordination between committees.[40] It is interesting to note that while in only 30 percent of the responding colleges the director of financial aid was a member of the admissions committee, in almost every case a member of the admissions staff served on the financial aid advisory committee.

Business Office

The business office and the aid office constitute another area of mutual administrative dependency. Because it deals with money, the aid office is perceived by many as a business function. There is a strong need for a harmonious relationship in the reporting and recording of both incoming money to be added to student aid funds and of the commitments against and actual disbursements from those accounts made by the business office to students upon approval of the aid office. The reporting and the research activities of the student aid office necessarily concern both students and money; therefore, coordination between the business office and the aid office is a virtual necessity if reports are to be prepared accurately and on schedule.

In connection with student loan accounts the need for coordination between the financial aid and business offices becomes acute. Among financial aid administrators there is almost complete agreement that loan collection and repayment functions should not be duties of the aid office. As shown in Table 8 on page 42, the Bureau of Applied Social Research survey respondents noted that while selection of students to receive federal loans was within the realm of the aid office, 65 percent of the aid directors were not responsible for the collection of those loans, and there was general agreement that the procedures involved in loan collection were properly located in the business office.[41]

Table 8. Aid Directors' Attitude toward Loan Collection[42]

Responsibility of aid director's office for collection of NDSL *Program loans*	*Percent of aid directors agreeing that the business office should be responsible for loan collection*
Responsible (30%)	73%
Not responsible (65%)	94
All institutions	87

Collecting money that has been loaned to students is the responsibility of the institution. Future allocations of loan funds depend upon the record of collections made by the institution. For the National Defense (Direct) Student Loan Program, at least some of the costs for administering the program can be recovered from the federal government; these funds will be well spent if they are directed toward maintaining an active program of loan collections. The routine procedural functions of collecting loans probably can best be left to the college's fiscal office. The business officer and the aid director can then join forces when it becomes apparent that their combined knowledge and skill is needed to collect an account satisfactorily. Another alternative that some institutions have found attractive is the use of an outside billing or collection agency.

Registration, Records, and Data-Processing Offices

The need to prepare and to return reports in connection with major programs of student assistance sponsored by the federal government has reinforced the necessity, particularly in large institutions, of cooperation among the aid director and the directors of the various records, registration, and data-processing operations. For institutions that must also submit reports to statewide governing or coordinating boards, the need for such cooperation is further heightened.

The reports required by federal and state agencies combine personal, academic, and financial data. As programs continue over the years, it becomes increasingly necessary to maintain

accurate and accessible records over long periods of time. And while it is generally agreed that this can best be accomplished by the use of automatic data-processing systems, the "computer assistance" need of the aid office is frequently given low priority. Perhaps because the techniques and problems of aid administration do not readily lend themselves to rigid systematization, the task of automating the aid office is shunned by systems analysts. Institutions are even reluctant to accept and implement systems that have been developed outside the institution. The situation is perhaps most aggravating at very large institutions, where it is almost physically impossible to maintain the records necessary to report adequately on student aid activities without the assistance of electronic data-processing equipment.

Dean of Students Office and Counseling, Testing, and Health Centers

In dealing with students and their problems, the financial aid administrator frequently will find himself in close communication with the various academic, vocational, and psychological counseling services, and with the university health services. Although the institution may have established various counseling offices and agencies to deal with specific kinds of problems, students will not always seek out the most appropriate agency or person directly. The students may not perceive the real basis of their difficulties, or they may simply go to individuals with whom they have had previous communication and with whom they feel comfortable. The financial aid administrator must be aware of the type and complexity of problems that are beyond his own personal and professional qualifications. When students come to him with such problems he must be able to make quick and appropriate referrals to other more specialized counseling services, and he must be able to elicit cooperative agreement from the students. He will frequently find that financial difficulties have caused, or have been caused by, physical or

emotional problems. In these instances he must have the ability to refer students to the appropriate university facilities. He must also be prepared to receive referrals from other counseling and health facilities when counselors in those activities discover difficulties that have financial roots or ramifications.

Counselors of students who, while receiving financial aid encounter academic, discipline, or other behavior problems, will be able to function with more confidence when they realize that financial aid can be adjusted to meet students' individual circumstances. The director of financial aid can be of marked assistance to counselors by rearranging, when necessary, the financial aid award package to permit a change in an academic schedule, an alteration in the hours of employment, or an adjustment in the amount of a loan.

Development and Alumni Offices

Alumni and other private benefactors continue to be important sources of funds for student aid programs, even though federal and state agencies are supplying the largest amounts of money. An institution that is able to encourage continued financial support for student aid from alumni and from other donors is able to develop and to maintain a flexible and responsive aid program to meet particular situations. A financial aid program based exclusively on the use of governmental funds cannot be as flexible and responsive to student needs as it should be.

Although each institution probably can cite examples of occasions when special funds were needed to meet particular circumstances, a general use of such private aid funds would be a special short-term "emergency" loan program. It is difficult for a student to provide sufficient planning to meet all his financial needs for the academic year—a check may be delayed, a payroll card may be misplaced, an unexpected trip home may be required, or there may be a dance or another social activity that was unanticipated. Limited loan programs usually do not require detailed financial statements; normally they are predi-

cated upon the acceptance of the student's admission that he is "broke" and that an immediate need exists. Such loans are usually restricted to small amounts, and the repayment period is usually short. These programs do not encourage fiscal irresponsibility nor do they thwart the discipline of self-denial; they do recognize that plans may go awry and that there may be a short-term need to be met.

While programs such as the limited emergency loan have appeal to alumni and other donors, few institutions will wish to restrict their activities to raising student aid money only for such programs. The aid director has a responsibility to work with the development officer and the alumni secretary in their efforts to develop and maintain sources of financial support for all types of student aid.

Relations with Off-Campus Agencies and Individuals

Members of the higher education establishment have been characterized as "the gatekeepers of the upper-middle class."[43] The financial aid administrator is frequently viewed by the community at large as one of the most important and effective gate-keepers of them all. In addition to the necessary on-campus relationships, the effective operation of the financial aid office requires good communications and close working relationships with a number of individuals and agencies outside the postsecondary institution. Most important among these relationships with off-campus agencies are those with the schools from which the students come, talent search agencies in the community, representatives of the sources of aid funds, agencies employing students, and colleagues in other aid offices on other campuses.

Secondary Schools and Community Colleges

Until recent years the role of the student financial aid administrator as a recruiter was essentially a passive one. The aid office received and evaluated requests for aid initiated by students and their parents. Now student aid administrators have taken on a more active role in the work of identifying, motivating, and encouraging students.

Usually information about financial aid that is made available to secondary school students and potential college transfer applicants is disseminated by admissions offices along with application for admission materials. Either common or coordinated applications for admission and financial aid are frequently used. The obligation of institutions to seek out students from economically deprived areas who must have financial assistance if they are to attend makes it essential for aid office personnel to be closely involved in whatever com-

munications the college has with secondary schools. In some instances it may be appropriate for the aid office staff to work with secondary school personnel without the coincident action of the admissions staff. Wherever possible, however, the aid office staff should take advantage of established channels of communication to avoid undue burdens on secondary school staffs.

Most secondary schools have programs that involve general college-bound counseling rather than programs centering on specific colleges; in these programs increasingly heavy emphasis is placed on the types and availability of financial aid resources. Because of frequent changes in regulations and procedures regarding student aid programs sponsored by federal and state governments, it is difficult for members of the admissions staff and school counselors to keep themselves sufficiently well informed to describe comprehensively the programs in specific terms to an audience that seeks information about financing an education beyond the high school. Assisting prospective college students and their parents by explaining ways of meeting educational expenses regardless of the institution to be selected, is a service responsibility that can best be discharged by the aid director and his staff.

The growing importance of transfer programs in the two-year community colleges has created another important area of activity for the aid director at the four-year college or university. In financial terms, the transfer student from a community college to a four-year institution is essentially similar to the student who moves from high school to college. Many programs of financial aid information and guidance that were developed for use with secondary schools can be used effectively in community colleges.

However, in other ways transfer students are markedly different from those who enroll directly from high school. Generally a transfer student from a community college is older and more mature, and usually has a better estimate of his financial need. A community college student frequently comes with

better developed job skills, so part-time work can play a more important role in his student aid package. A transfer student from a community college will face a new and different environment, and the aid office must be responsive to his problems of adjustment.

Talent Search Agencies

The increasing attention now being given to economically disadvantaged groups has encouraged young people from these groups to consider higher education. Talent search agencies, community action groups, and Upward Bound programs are looking to college financial aid directors for assistance in making postsecondary education a reality for individuals for whom it was never before even a dream. These agencies and programs will help the aid administrator meet his obligation to direct economically deprived students toward college or other forms of postsecondary education. He should not only be aware of the efforts of such groups but should offer them active support.

Sponsors of Funds

In most institutions responsibility for securing additional resources for the student aid program is assigned to the development office and the alumni affairs office. However, the director of student financial aid should be prepared to assist these offices in their communications with individuals and organizations who are or who can become benefactors of the institution.

The financial aid administrator can provide consultation on the best way to make grant or loan funds available to the institution to assist students in meeting costs. In addition to his personal assistance, the aid administrator can help by providing copies of reports on the activities of his office: the amount of aid funds available in the various programs, the character-

istics of all students who applied for aid as well as those who were assisted, the amounts of aid that were awarded and the forms—grants, loans, jobs—in which it was offered, and the amounts of unmet need of those whose applications were denied.

Relations with the source of the largest amounts of student aid funds—agencies of the federal and state government—are usually the primary responsibility of the aid office. The director of student aid is required to report on awards made, to submit applications for additional funds, and to maintain satisfactory records for examination by government auditors. The staff of the aid office may be called on to provide the government agencies with advice and consultation as new programs are developed or as changes are considered for existing programs. This is particularly true with state-supported programs of financial aid, where aid administrators generally are involved on a continuing basis with the plans and activities of the agency.

The regulations of the Federally Insured Student Loan Program require that the financial aid office assist banks, commercial lending organizations, and loan guarantee agencies in determining the eligibility of students and parents for loans to meet the expenses of education. It is important for the director of aid to develop sound working relations with agencies, particularly local banks, that are the source of substantial amounts of loan money for students. The director of aid may be asked by such groups as labor unions, church organizations, and civic groups to aid them when they select students to receive financial assistance. Even though the applicants for these programs may not enroll in the local institution, the director of aid should help these groups to select the most deserving candidates. Not only is his help likely to be reciprocated by financial aid administrators in other communities, but a generous offering of professional assistance may encourage local groups to make financial donations to the educational institutions.

Professional Colleagues

The growing importance of the role of student assistance programs in higher education generally makes it incumbent upon the director of aid to consult frequently, freely, and openly with his colleagues in other institutions in order to strengthen his services to students. The development of aid programs can be improved through active participation by the aid director in state, regional, and national activities of the National Association of Student Financial Aid Administrators, the College Scholarship Service Assembly, the American College Personnel Association, and the National Association of Student Personnel Administrators. Through these and other organizations devoted to the professional development and improvement of student personnel programs the combined wisdom of many experts can be brought to bear on local problems.

The aid director and his staff should be prepared to assist and to advise those who represent the institution at meetings of various professional organizations. For example, this assistance should be available to the college president as he participates in the work of the American Council on Education, to the registrar and admissions officers as they work with such groups as the American Association of Collegiate Registrars and Admissions Officers and the National Association of College Admissions Counselors, and to the faculty as they prepare to attend meetings of the societies that represent their several disciplines. The director of aid must become the source to which all members of the college staff and faculty may and will turn for information and advice on student financial aid matters.

General Procedures

There are several administrative procedures that are applicable and desirable in the student financial aid office regardless of the administrative organization, the size, or the type of the educational institution. These procedures are generally accepted in the majority of student aid programs in institutions of higher learning in this country.

Applications for Aid

A single, comprehensive application should be used for all the major programs of assistance administered by the institution. If the same office administers institutional and federal grant and loan programs and the College Work-Study Program, one application can elicit the information necessary to determine eligibility and financial need for these programs. As discussed earlier, there are advantages to both institution and student when a combined form is utilized. Not only is the duplication of records and information reduced but also the student can be confident that he has applied for all forms of aid for which he is eligible. If the aid office requires personal recommendations and records of academic achievement, these data need to be supplied, collected, and evaluated only once for each student, thereby reducing the work of the secondary school, the admissions office, and the registrar's office, as well as the aid office. In addition to savings in the operation of aid administration there are corresponding savings in clerical and storage costs for the needed records.

When the award is composed of more than one form of aid, the use of a single application facilitates the efficient packaging of assistance and helps to insure that each student is offered an amount that is sufficient for him to make definite plans for the entire academic year. It further assures that a proper balance of the forms of aid is arranged with full consideration of

the student's personal, academic, and financial characteristics and that the institution's aid resources are allocated efficiently —awards are not made in excess of or without regard for financial need, and assistance is not duplicated. It is possible to extend the advantages of a single application for financial assistance from one institution to several institutions of similar type that are responsible to the same board of regents or coordinating board, the completed applications being submitted to and duplicated by a central office and transmitted to the colleges of the student's choice.

Terminal dates or deadlines for applications from prefreshman candidates for financial aid have been established in 74 percent of the institutions that responded to the Bureau of Applied Social Research survey.[44] The use of deadline dates or "preferred application dates" permits the aid administrator to organize the efforts of his office in a reasonable and efficient manner, to insure the evaluation of applications in a systematic way, to assure that aid goes to the neediest candidates, to coordinate awards from different sources, and to announce awards in a way that meets the needs of students, secondary schools, parents, and donors. The use and publication of a calendar of operations improves the scheduling of work and acts to ease the seasonal pressure of activity.

Because deadlines are largely an administrative convenience, provision should always be made for students who for valid reasons cannot comply with the calendar schedule. It must be recognized that this second line of service may lead to a situation in which a student whose application was not available for consideration at the regular time receives assistance in the amount he needs but not in the form that could have been arranged for him earlier. For instance, the late applicant may find that he must borrow or work for more of his aid than would have been necessary had he followed the published calendar. Although such occurrences are undesirable, the aid director is still able to meet his obligation to most of his students without excluding the late applicants.

Analyzing Student Need

Large programs of student aid, particularly those supported by the state and federal governments, require the participating institutions to make a uniform and systematic evaluation of the financial need of all applicants. Generally colleges and universities have adopted or reaffirmed the philosophy of need assessment for their own student aid programs as well, and most institutions employ some systematic method to determine the student's financial need.

It may be reasonable for some institutions with limited enrollments and small aid programs to use their own procedures to evaluate student financial need. For larger institutions on-campus need analysis using a unique, locally developed procedure has pronounced disadvantages. If need is analyzed locally, the computation and evaluation of each application must be accomplished by college personnel using institutional facilities. This procedure may not be burdensome and may be acceptable when aid applications do not number more than a few hundred each year, but when the number of applications grows, analysis becomes time-consuming and expensive. A pressure to complete routine work develops and tends to overshadow the demands for attention to the truly complex applications. The director of financial aid may find himself mired in routine tasks that make heavy demands on his time; he will then be tempted to alter work assignments and this may result in nonprofessional employees being required to perform duties that should be reserved for members of the professional staff.

In addition to administrative inconvenience and expense, an aid director in an institution that analyzes need locally may encounter difficulty when he discusses and explains the need analysis procedures to students and their parents. Families are usually more willing to accept an evaluation of their ability to pay for education based on a system that several institutions have agreed to use. Families generally believe that an independent organization would not single them out for different or

unusual treatment but would evaluate their financial circumstances on the same basis as that used for other families.

Institutions should employ the same analysis procedures for all students. The use of more than one need analysis procedure on the campus should be discouraged. Use of more than one need analysis system might mean that a student would qualify for aid if one procedure were used while the same student might be declared ineligible for assistance if another analysis system were used. This is most likely to occur in the Supplemental Educational Opportunity Grants Program for students from families who can contribute very little toward educational expenses, where measurements of need are required to be relatively precise.

The use of an external need analysis service will enable the financial aid staff to concentrate its attention on special problem situations rather than on the routine gathering and arranging of data. Candidates applying for aid at more than one institution may find the external need analysis service to their advantage if the institutions involved use the same service. In that case the applicant and his family supply financial information only once, and the information is analyzed, copied, and sent to each college that is designated.

An external need analysis organization does not determine which applicants are to be aided. Except in the case of external donors who choose recipients themselves, it is the institution, through its financial aid administrator, that determines which applicants are to be aided, what amounts of aid are to be awarded, and in what forms that aid is to be offered. The analysis performed by the external service is not a substitute for professional judgment by the aid administrator, and it should never be treated as a substitute for such judgment. Using an external system presents the aid officer with the data necessary to provide him with a rational basis for exercising his professional knowledge and skill. In choosing an external need analysis service it is essential that the institution choose one that adequately reflects the basic principles on which the in-

stitution wishes to predicate its financial aid program.

When an external agency is used, it is incumbent upon the director of financial aid to become thoroughly familiar with the rationale and the methods employed to determine student need. The aid director should understand the assumptions on which the agency bases its need computation system, and he should have full knowledge of the formulas and procedures that are utilized to evaluate the financial need of the applicant. The service of the external agency is to relieve the director of financial aid of the necessity of performing routine clerical and computational tasks but it does not, and it cannot, absolve him of the responsibility for knowing how those operations function.

Summary

Student financial aid consists of those expense-reducing means (money, goods, or services) that are awarded directly to or for the student himself and are used to defray educational expenses that he does not have the resources to meet. The variety and diversity of college student financial aid programs, both those requiring the student to demonstrate a need for assistance and those that do not, make it advisable for institutions to establish a set of definitions of the several aid opportunities to be found in the form of grants, loans, and jobs. When there is general agreement on and acceptance of a set of definitions among colleges of the several types of financial aid that they award, research efforts and intra-institutional communication will be facilitated.

The several purposes for which aid funds are made available to college students, as well as the variety of aid programs themselves, make it highly desirable for institutions to agree on a set of principles of financial aid to use as a guide for establishing local policies. The most widely accepted statement of principles is that endorsed by the institutions and agencies that are members of the College Scholarship Service Assembly of the College Entrance Examination Board.

Both students and institutions are becoming increasingly dependent on financial aid programs because of rising educational costs and increasing enrollments of students from low-income families. These factors have resulted in a rapid expansion of financial aid activities in colleges and universities and have made it important for the functions of student financial aid administration to be centralized in one office at the institution. For a student, centralized administration of financial aid programs means that he need visit only one location to obtain advice and direction about his overall financial situation and to seek a comprehensive solution to his money problems—a solution that may include a combination of grant, loan, and job.

Summary

Centralization of the administrative functions of financial aid activities will enable the institutions to coordinate assistance programs, to use a minimum number of forms, to collect information only once, and to have in one place all data required for decision-making and reporting.

Although the specific functions assigned to the financial aid office may vary from institution to institution, there is a generally agreed upon common core of operational activities that includes: counseling about student expenses and financial aid opportunities, general administration, student motivation and resources development, and research. The actual disbursement of cash or the crediting of students' accounts and the collection of loans are deliberately omitted from the list of functions to be performed in the financial aid office, and are generally the responsibilities of the business office.

As an administrative function, the responsibility of the financial aid program is generally part of the student personnel services of the institution. An advisory committee of faculty and staff members to guide policy recommendations rather than to review applications individually, is common in colleges and universities. The number of staff members, professional and clerical, to be found in aid offices should be directly related to the number of applicants for aid, the number and value of aid programs, and the duties assigned to the office. Some specific numbers of personnel are suggested in this publication.

The nature and purpose of the student financial assistance program brings the aid director into frequent communication with the faculty and staff of the institution. The faculty should strongly support the aid program, and the director of financial aid should consider the activities of his office as a means to advance the academic program. The director of admissions and the director of financial aid share responsibilities in communicating with secondary schools and community colleges to enhance the motivation of students who should continue their formal education. The business officer and the aid director are mutually dependent in furthering the goals of the institution

through the financial assistance program. The director of financial aid should authorize the award of assistance, but he should neither disburse the funds nor collect the loans. An accurate description and portrayal of the financial aid program requires a good working relationship between the aid administrator and the directors of registration, records, and data processing. Because academic, discipline, or other behavior problems may be related to financial circumstances, the aid director should establish good working relations with the dean of students' office and the counseling, testing, and health centers. The need for continued support for the financial aid program on the part of the alumni and other benefactors make it essential that the director of student aid cooperate with his colleagues in the office of development and the office of alumni affairs.

The work of the director of financial aid is no longer as limited to the campus as it once was. Now, the aid administrator needs to be in frequent communication with secondary school and junior college personnel, students and their parents, community agencies and the community at large. These communications may be self-initiated or in response to requests, and they may involve the director of financial aid singly or in cooperation with the directors of admission, development, or alumni affairs at his own or other neighboring institutions. Among the most important off-campus associations for the aid director are the meetings and communications with his counterparts in other colleges as they participate in local, state, regional, and national associations of student financial aid administrators.

The director of financial aid will find it helpful both to himself and to the students to utilize a single application form for all types of financial aid. One form will provide the means of gathering the necessary data for all programs, with consequent savings of time and effort for both the administrator and the applicant. Establishing, publishing, and using a schedule of important dates will enable the aid officer to organize and to direct the work load of his office in an efficient manner. There

should, however, be provisions to assist aid applicants who for good reason cannot observe the schedule. The use of a central processing system to assist in evaluating student financial need will help reduce the clerical and computational tasks in the financial aid office. The aid director must know the technical procedures used by the agency to determine how much money reasonably may be expected from the student and his parents for educational expenses. No formulas or computational procedures should be employed or accepted without full comprehension, appreciation, and understanding on the part of the aid administrator. Reliance on the services performed by others in no way absolves the director of financial aid from the requirement of using his personal expert knowledge and judgment in evaluating each application for financial aid. The decisions are made by the aid officer, not by the external need analysis agency.

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